

## Increasing Opportunity for All Americans

The President's 2007 Budget continues the successful pro-growth policies that have encouraged robust economic growth and job creation. A strong economy, together with spending restraint, is critical to reducing the deficit. The Budget builds on last year's successful spending restraint by again holding the growth of overall discretionary spending below inflation, proposing to reduce non-security discretionary spending below the previous year's level, and calling for the elimination or reduction of programs not getting results or not fulfilling essential priorities. Like last year, the budget proposes savings and reforms to mandatory spending programs, whose unsustainable growth poses the real long-term danger to our fiscal health.

The President is committed to providing all Americans with expanded opportunities for achieving economic prosperity and ownership. To achieve this goal, the 2007 Budget proposes education investments that build on the successes of the No Child Left Behind Act and ensure that all Americans have a strong foundation in math and science education and opportunities to pursue higher education and training in scientific and technical fields. The 2007 Budget also proposes to further increase opportunities for homeownership and entrepreneurship.

### The President's 2007 Budget:

- Provides \$5.9 billion for the American Competitiveness Initiative to increase investments in research and development, strengthen education, and encourage entrepreneurship.
- Continues the President's support for the No Child Left Behind Act to build on the promising results already achieved.
- Supports ambitious goals to help more Americans achieve the dream of homeownership and add 5.5 million new minority homeowners by 2010.
- Provides \$624 million in budget authority for the Small Business Administration, which will sustain a record level of guaranteed lending to small businesses and maintain technical assistance, disaster lending, and other SBA programs. In addition, the President proposes \$2.5 billion in new tax relief for small businesses.

### The American Competitiveness Initiative

- The President is proposing \$1.3 billion in new Federal funding and an additional \$4.6 billion in R&D tax incentives, for the American Competitiveness Initiative that will support new efforts to maintain our competitive edge through sustained scientific advancement and innovation, including:
  - \$50 billion of new funding over 10 years to double investment in key Federal agencies that support basic research programs in the physical sciences and engineering – the National Science Foundation (NSF), the Department of Energy's Office of Science (DoE SC), and the Department of Commerce's National Institute of Standards and Technology (NIST).
  - \$380 million in new funding for math and science education programs at the Department of Education designed to strengthen the capacity of our schools to improve math and science learning and increase the number of math and science teachers.

- Important reforms to the Nation's workforce training system to cut red tape, increase State flexibility, expand individual choice, and extend training opportunities to 800,000 workers through new Career Advancement Accounts (CAA).

### **Leaving No Child Behind**

- Four years ago, President Bush signed the No Child Left Behind Act (NCLB) into law to ensure that every child, regardless of race, income, or special need, has the opportunity to receive a high-quality education. To reach this goal, NCLB refocused Federal education programs on the principles of stronger accountability for results, more choices for parents and students, greater flexibility for States and school districts, and the use of proven instructional methods. The results are promising.
  - Test scores in reading and math are at an all-time high for African-American and Hispanic students. As a Nation, we have made more progress in the last five years than in the previous two decades.
  - According to the 2005 Urban National Assessment of Education Progress, a set of tests that provides a common measure of student achievement in 11 of our largest cities, disadvantaged students in New York and Boston made significant gains relative to past years and also scored much higher than national averages.

The Budget proposes to increase funding for NCLB programs by \$1 billion, or 4.6 percent, taking the total increase to \$7 billion, or 40 percent, since 2001. This includes:

- \$1.5 billion to implement the President's comprehensive High School Reform initiative, which would improve the quality of secondary education and ensure that every student not only graduates from high school, but is also prepared to enter college or the workforce with the skills to succeed.
- \$12.9 billion for Title I grants to schools and school districts, a \$200 million increase over the 2006 level, and a 47-percent increase since 2001. This includes \$200 million to help schools in need of improvement and \$12.7 billion for schools in low-income communities. Title I is the foundation for NCLB's accountability, school improvement, and parental choice reforms.
- \$2.9 billion for the Teacher Quality State Grants program to support teacher training and recruitment.
- \$100 million for a new program that will expand choices for low-income families by enabling students in chronically low-performing schools to attend a private school or receive intensive, sustained tutoring assistance, and \$14 million in the District of Columbia's budget for scholarships to help low-income students in Washington, D.C., attend higher-performing schools.

### **Academic Competitiveness Grants**

- The Deficit Reduction Act included a new Academic Competitiveness Grants program, which provides supplemental grants to low-income college freshmen and sophomores who completed a rigorous high school curriculum and maintain at least a 3.0 GPA in college, and juniors and seniors who major in math, science, and critical foreign languages. This new program will provide a total of \$4.5 billion in grant aid to students through the 2010-2011 academic year, including \$790 million in the upcoming 2006-2007 academic year and \$850 million in 2007-2008.

## Minority-Serving Institutions

- \$238 million for Historically Black Colleges and Universities and graduate institutions and \$95 million for Hispanic-Serving Institutions, continuing the Administration's support for these important institutions. Since taking office, the President has increased funding for these institutions by 31 percent.

## Expanding Homeownership

- More Americans have achieved the dream of homeownership than at any time in our Nation's history: 69 percent of households own their homes, including 51.5 percent of minority households. The 2007 Budget supports ambitious goals to:
  - Keep us on pace to meet the President's goal of adding 5.5 million new minority homeowners by 2010 (goal set in 2002)—nearly 2.5 million new minority homeowners were added by 2005.
- For many, saving enough cash for the down payment and closing costs is the greatest obstacle to homeownership. To help overcome this obstacle, the President proposed new HUD funding to help low-income families purchase their first homes.
  - \$100 million for the American Dream Downpayment Initiative, which provides grants to help lower-income families make down payments on their first homes. Since 2004, HUD has distributed \$211 million in down payment funds, helping nearly 10,000 families purchase their first homes by providing down payment, closing cost, and other home-buying assistance – nearly 50 percent of those families are minorities.
- The Administration is proposing new legislation that will remove impediments to the Federal Housing Administration's (FHA's) ability to serve its traditional mission: expanding homeownership opportunity for those of modest means. This legislation will remove two large barriers to homeownership - lack of savings for a down payment and impaired credit - by introducing two new mortgage products. The Zero Downpayment mortgage will allow first-time buyers with a strong credit record to finance 100 percent of the home purchase price and closing costs. The Payment Incentives mortgage will initially charge borrowers with limited or weak credit histories a higher insurance premium and reduce premiums after a period of on-time payments. FHA will also implement risk-based pricing allowing FHA borrowers to pay premiums that are based on the risk that they pose to the FHA mortgage insurance fund.

## Promoting Small Businesses

Small Businesses account for more than half of existing private sector jobs and two-thirds of new private sector jobs. The President is committed to promoting small business development and entrepreneurship through tax relief and business credit and technical assistance programs. In order to meet the demand of the growing small business sector, the FY 2007 Budget supports \$28 billion in small business lending and \$19 billion in new tax relief through 2016. Additionally, the Budget makes permanent the tax relief enacted in 2001 and 2003 to maintain an environment where small businesses can prosper and grow.

- Support for \$17.5 billion of guaranteed loans for the 7(a) program, the largest level in the history of the program. The program will provide financing to entrepreneurs who could not obtain affordable loans without a government guarantee.
- \$7.5 billion of lending volume for the Section 504 program. This ensures borrower access to fixed-rate financing for fixed assets such as land, equipment, and buildings.
  - In 2005, the number of loans to minorities under these two programs increased by 17 percent.

- The growth in the number of loans to minorities between FY2003 and FY2005 was close to 50 percent.
- Increase expensing for small business, lifting a tax burden of \$2.5 billion in 2007 and \$19 billion through 2016. Section 179 expensing provisions will be expanded from \$100,000 to \$200,000, along with additional changes specifically to benefit small businesses.

### **Ensuring Equal Opportunity**

- \$323 million to fund the Equal Employment Opportunity Commission (EEOC), a 7-percent increase since 2001. The EEOC enforces Federal laws that prohibit employment discrimination based on race, color, sex, religion, national origin, age, and disability, and seeks to prevent discrimination through outreach, education, and technical assistance that promote employers' voluntary compliance with the law. The Budget would allow EEOC to continue to meet its important responsibilities of enforcing civil rights law, investigating and litigating discrimination charges, and reaching out to inform workers and employers about their rights and responsibilities.
- \$114 million for the Civil Rights Division in the Department of Justice, which is an increase of \$5 million above the FY 2006 enacted level. The Civil Rights Division ensures that all persons in the United States are afforded basic civil rights protections by enforcing Federal statutes prohibiting discrimination on the basis of race, sex, disability, religion, and national origin.

### **Mobilizing America's "Armies of Compassion"**

- The Budget proposes \$322 million to fund innovative programs that promote partnerships between government and Faith-Based and Community organizations in addressing social problems, a 36-percent increase from 2006 enacted levels. This includes:
  - \$99 million for the Compassion Capital Fund that supports in part the Helping America's Youth Initiative, led by Mrs. Bush;
  - \$59 million for the Prisoner Re-entry Initiative;
  - \$40 million for the mentoring of the children of prisoners;
  - \$98 million for the Access to Recovery (ATR) program, which includes \$25 million for stand-alone ATR-Methamphetamine voucher grants. ATR, initially funded in FY 2004, provides grants to States and tribal organizations to provide vouchers for drug treatment. ATR enables participation of certain faith-based and community drug treatment providers who have not been traditional recipients of Federal funds; and
  - \$25 million for the HHS Office of Minority Health to combat domestic AIDS as part of a larger domestic AIDS initiative. This new outreach initiative will award grants to effective Faith-Based and community providers to help educate at-risk individuals of the need to prevent the transmission of HIV-AIDS and test for it, in order to decrease the number of new cases in communities with high rates of incidence.

### **Health Care for Those in Need**

- \$2 billion to complete the President's commitment to create 1,200 new or expanded Health Center sites and make progress on establishing a health center site in every high poverty county in America that lacks a community health center or rural clinic and can support one. Through this funding, 1.2 million additional individuals will receive health care in 2007 through sites in rural areas and underserved urban neighborhoods.
- \$500 million per year for which States will compete to fund innovative ways to promote insurance among the chronically ill.

- \$100 million in grants annually to enroll additional eligible children in Medicaid and SCHIP through the Cover the Kids national outreach campaign, combining the resources of the Federal Government, States, schools, and community organizations.

#### **Providing More Job Training Opportunities to Workers**

- \$3.4 billion in funding to States primarily for use in new Career Advancement Accounts (CAA). These and other important reforms to the Nation's workforce training system will cut red tape and increase State flexibility while extending training opportunities to some 800,000 individuals, more than tripling the number of workers trained under the current system. CAAs are self-directed accounts that individuals could use to obtain their choice of training and education services necessary to return to work, transition between jobs, or move up the career ladder.